

Spanish SUCCESSION TAX

Your Informative Guide



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**This guide will help you to
understand and guide you through
the Spanish Succession Tax rules.**



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Introduction



What is Spanish Succession Tax?

The Spanish Succession tax is regulated under the law Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones.

In this Guide, we summarise the most important aspects related to it.



Who has to pay it?

The succession tax levies both successions and donations; and when it comes to successions, all the successors will be taxpayers no matter whether they are residents of Spain or not.

For non-residents the obligation refers to the goods and rights placed – or that can be executed – in Spain. In other words, if you inherit property in Spain, you need to pay this tax even if you are not a resident.

What is the tax base?

The tax base is the net value of your acquisitions as an heir. It is important to know that compensations from life insurances – but with a reduction of 9,195.49 euros if the heir is a partner, ascendant, or descendant – are also part of the tax base for the heirs.

In order to calculate the net value, there are two different concepts: debts and expenses.

Debts: All debts that the heir inherits except the debts that the deceased had with the heirs themselves. In order to deduct the debt value, the heirs will need to prove the existence of these debts, so it is always good to search for documents that justify them.

Expenses: Funeral expenses, expenses paid by the heirs to take care of the illness that caused the death, and expenses that result from the lawsuit between heirs, if that exists.

“I would like to say a big thank you to Carol Wyatt and Debbie Hallett for all that you have done for me and my mother. We can not fault IWC and their staff who kept us up to date with everything by phone or letter. Absolutely perfect thank you for everything, Take care.”



Local Rules

Spain is divided into seventeen regions called Comunidades Autónomas. Each of them can make deductions to the tax base that, at the national level, ranges from 7.65 percent (up to 7,993.46 euros) to 34 percent (from 797,555.08 euros onward).

Therefore, the national law is the least interesting for the heirs, since by applying the local ones they would need to pay less.

1. If both, the deceased and the heir were residents of Spain, the regional law of the place where the deceased died will apply.
2. If the deceased was a resident of Spain, but the heir is not, the heir can choose between the national law or the local law of the region in which the deceased was a resident.
3. If the deceased was not a resident of Spain, but the heir is, the heir can choose between the national law or the law of the regions where there are more goods from the inheritance.
4. If both the deceased and heir are not residents of Spain, it is the same as number 3: the heir can choose between the national law or the law of the regions where there are more goods from the inheritance.



How can I know which is my official residence?

The succession tax law states that the succession tax will follow the definitions of Impuesto sobre la Renta (Income Tax). The definition says that a person is a resident when he or she lives more than 183 days of the year in Spain, has the main share of his or her economic interests in Spain, or if his or her partner and underage children usually live in Spain.

Therefore, an indicator of whether someone is a resident or not is if this person has had to pay income tax in Spain.

Can I benefit from the regional discounts if I am from the UK?

Until 2014, no residents had to pay the national tax without the possibility of enjoying the regional discounts. The European Commission saw this as discrimination and raised a lawsuit against Spain.

The Court decided in favour of the European Commission; and from then, European non-residents have been able to enjoy the regional discounts if they have a link with the location. They were even able to claim against Spain to get a compensation for the amount paid in excess.



What about residents outside the European Union?

In 2018, there were at least three sentences from the Supreme Court that recognised the right of residents outside the European Union equally to the rest. In other words, the Court said the heirs could also apply the regional reductions of the tax. Eventually, in December 2018, the Spanish Tax Authority recognised the evidence and residents from outside the European Union. From that moment on, heirs who are residents outside the European Union can enjoy the regional reductions without expecting the need to visit the court.

Do I need to pay taxes in Spain for the full inheritance?

Someone who is not a resident and inherits wealth in Spain only has to pay for the real estate and personal property located in Spain. When it comes to personal property, the location in which the law applies is that of the personal property that one has spent more days in the last five years.

The tax is accrued to the day of the death, and heirs have six months to pay it. This term may be too short for many probate cases. It is possible to ask for an extension of another six months, but the heirs need to do it in the first five months.

“It’s easy to see why people seek professional help when dealing with Spanish Probate, Call IWC on 020 8150 2010 for impartial help & advice.”

Reductions

The most significant reductions are those applied by the Comunidades Autónomas, but this guide has no room to explain all 17 of them.

Therefore, it follows only the reductions that can be applied under the national law:

“Fantastic help, friendly kind I am so happy with the help provided in this difficult time for me. I do recommend them. Thankyou so much for the kind help.”



Family

Group I: Descendants under 21 years old will deduct 15,956.87 euros, plus 3,990.72 euros more for each year they are under 21. The max reduction is 47,858.59 euros.

Group II: Descendants who are 21 years old or older, a partner, or ascendants: 15,956.87 euros.

Group III: Collaterals of second and third grade and ascendants and descendants by marriage 7,993.46 euros.

Also, in the case the same goods are the tax base for the succession tax, due to a death, 2 or more times in the last 10 years, the amount related with them will be deducted.

Disability

Spain grades the disability on the basis of an expert examination. Reductions depend on the grade of disability:

- Between 33 and 65 percent: 47,858.59 euros
- More than 65 percent: 150,253.03 euros

Specific assets

- Individual company, personal business, or shares on certain entities have a reduction of 95 percent.

- The primary residence has a reduction of 122,606.47 euros for a partner, ascendants, descendants, or collaterals over 65 years old who have lived with the deceased for at least the last 2 years.

- Some cultural and historic assets as defined in article 4 of Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio.

In general, in all of these cases of specific assets, the heirs will apply the reduction in proportion with their share of the inheritance; but if the will states that particular assets linked to a reduction go to an specific heir, only that heir will be able to apply the reduction.



How can I get an NIE?

In order to be able to pay the succession tax, you will need to get an NIE (Número de Identidad de Extranjero – Foreign Identity Number). In this case, the NIE is also the NIF.

NIE can be permanent or temporary, and you will need it to fill most of the official documents you will have to deal with.

The temporal NIE validity lasts for three months. That should be enough time to solve all the tasks related to the succession tax, but be cautious and add a note to your agenda to remember the renovation just in case you need it when the expiration date gets closer.

Where do I present the documents?

No matter what regional law you have applied to calculate your tax base, the tax return should be handed in to the Oficina Nacional de Gestión Tributaria in Madrid.

“Absolutely A1 service all way through from start to finish. Very prompt replies to my emails. Always kept me updated at all times. I would definitely recommend.”



Documents likely needed

- Original and simple copy of the Deed of Acceptance of Inheritance. If this is not possible, the Inventory of Assets and Heirs, in duplicate, in which should appear:
 - The deceased and the heirs' data
 - Domicile for the purposes of notifications
 - A detailed list of the assets and rights of the inheritance with their value on the date of death (including the charges, debts, and expenses whose deduction is requested)
- Copy of the Death Certificate
- Copy of the Certificate of the Registro General de Actos de Última Voluntad
- Copy of the will or the Declaration of Heirs
- Power of representation
- Photocopy of the DNI or passport of the grantor and the representative's DNI
- Copy of the Tax Identification Number of the heirs the balances of the accounts and / or deposited values, on the date of death

“It took even less time than expected. We were very pleased with how everything was handled.”



Also depending on the assets that conform the estate:

- Copy of the receipt of the IBI (Tax on Real Property)
- Copy of the title of acquisition of the real estate
- Bank certificate with an expression of the balances of the accounts and / or deposited values, on the date of death
- Documentary justification of the debts and expenses that are deductible
- Copy of the documentation of the vehicles that are the object of the inheritance
- Justification of the theoretical value of the shares in the capital of legal entities whose securities are not listed on the stock exchange
- Certificate accrediting the degree of disability of the taxpayer
- Copy of the insurance contracts or certificate of the insurance company



What if some of these documents are in English or another language than Spanish?

Although you can ask the tax authority about your specific case in order to be sure, it is likely that you will need the documents to go with the Hague Apostille and a sworn translation.

Laws:

Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones.

<https://www.boe.es/eli/es/l/1987/12/18/29/con>

Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio.

<https://www.boe.es/eli/es/l/1991/06/06/19/con>

Real Decreto 1629/1991, de 8 de noviembre, por el que se aprueba el Reglamento del Impuesto sobre Sucesiones y Donaciones.

<https://www.boe.es/eli/es/rd/1991/11/08/1629/con>

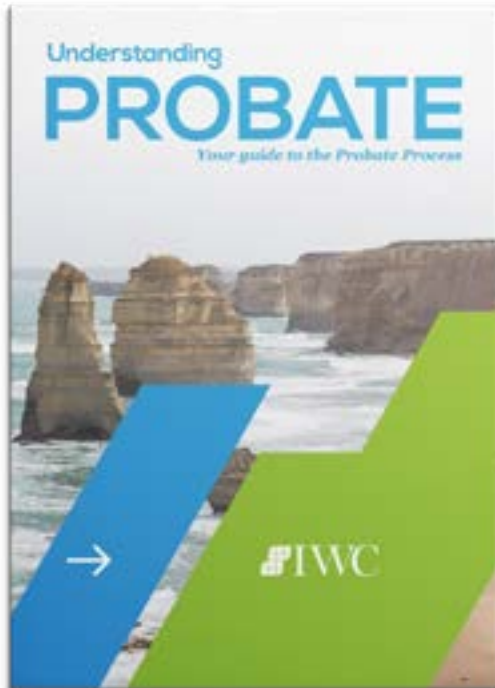
*Notice that this list is not comprehensive. Here we just gather the most important laws.

**The following are additional
Services and helpful resources
that we think may be useful.**



Additional Guides

We have a full range of helpful Guides available for instant download, the three below may well be beneficial to you:



View and Download Online

Probate Guide

probateforms.info/probate-guide

Executor Safeguard Guide

probateforms.info/executors-duties

Intestacy Guide

probateforms.info/intestacy-guide

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- Our fees include government fees
- Includes first class delivery to UK address
- You can also visit the office to drop or pickup documents
- Free Consultation
- Documents legalised and issued in 10 working days

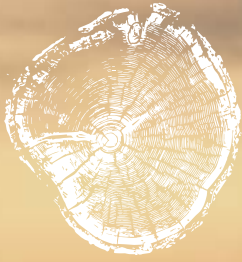
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Distributing an Estate Under Intestacy?

If you are dealing with an estate that must be distributed according to intestacy then you may need help calculating how the estate should be divided. Do not rely on family rumour or supposition, a family tree should be checked and the expense is a legitimate estate expense. With second marriages and broken families many people call their family brothers or sisters even though they may not actually be siblings. Fleetwood can help you work out the tree correctly and help provide a complete distribution schedule.

Intestacy? Who is the next of kin?

Although it may seem obvious who the official next of kin is, and in many cases it is, mistakes can be made. Families can be disjointed in addition, a person may declare their close friend as their next of kin according to the Doctor or the Hospital but this can cause even more confusion. Fleetwood will help you to find the rightful and correct administrator. .

Call Fleetwood for instant help or impartial advice...020 8970 7486

Email: info@fleetwoodheirhunters.co.uk

Visit: www.fleetwoodheirhunters.co.uk



Whats next

If you require further help or advice, you can call us free of charge on 0800 612 6105 alternatively our land line number is 020 8150 2010.

We will give you a full refund of this guide if you decide to instruct our Spanish Probate department to assist you.

Did you know that we also provide the following services:

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